

## **The politics of natural resource investments in Africa**

Rights, exchange and holding power

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# The Politics of Natural Resource Investments and Rights in Africa: comparative findings

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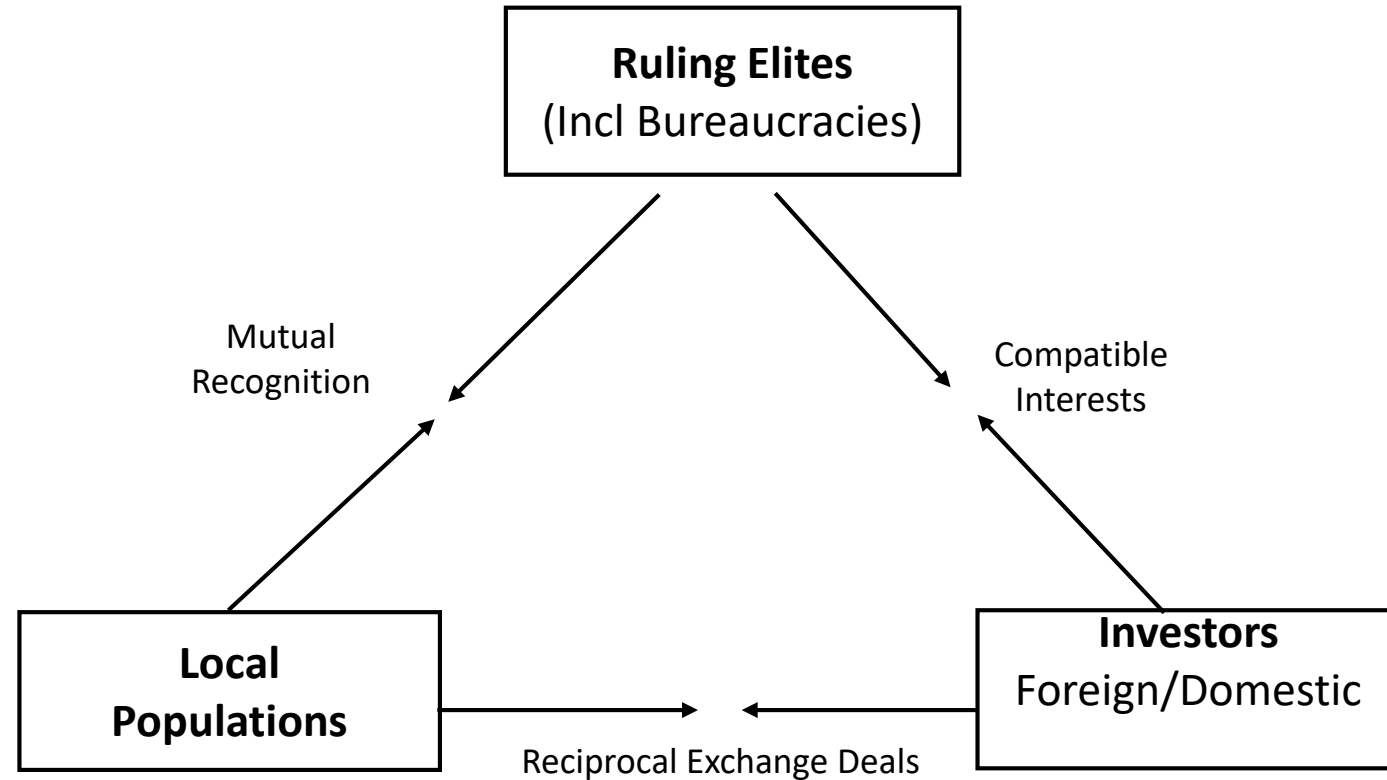
# Hierarchies of rights programme

- Hierarchies of rights: land and investments in Africa (2015-2019)
- Comparative first two later three countries: Moz, Taz and Uga
- Large scale investments in three sectors: agriculture (rice/sugar), coal and oil/gas/pipelines
- Capacity building component: PhDs, cross learning land/rights and governance/political economy – strong network building with ESID
- Focus on implementation of investments and accommodation of rights – based on the need for economic transformation and ideas related to fairness

# The literature

- Generally the literature explore one relation, sometimes hint at two relations
- Land grab
  - Focus on (non)accommodation of rights Investor-local population relationship
  - Investor-ruling elite relationship - Ruling elite being bought by investors
- Resource curse
  - Focus on implementation and negative impact of investments on general economic development
  - Investor-ruling elite relationship - Focus on corruption, 'comprador', collusion
- CSR
  - Focus on implementation primarily from the investor's perspective - CSR
  - Investor-local population relationship CSR focus on standards, guidelines and codes of conduct
- Political settlement
  - Focus on Ruling elites and lower level factions within; focus on investors and bureaucracy – rarely local populations that are neither opposition nor factions within
- We argue that in order to understand both implementation of investments and accommodation of rights, we need to take into account all three relationships:
  - Investors-ruling elites
  - Investors-local populations
  - Ruling elites-local populations

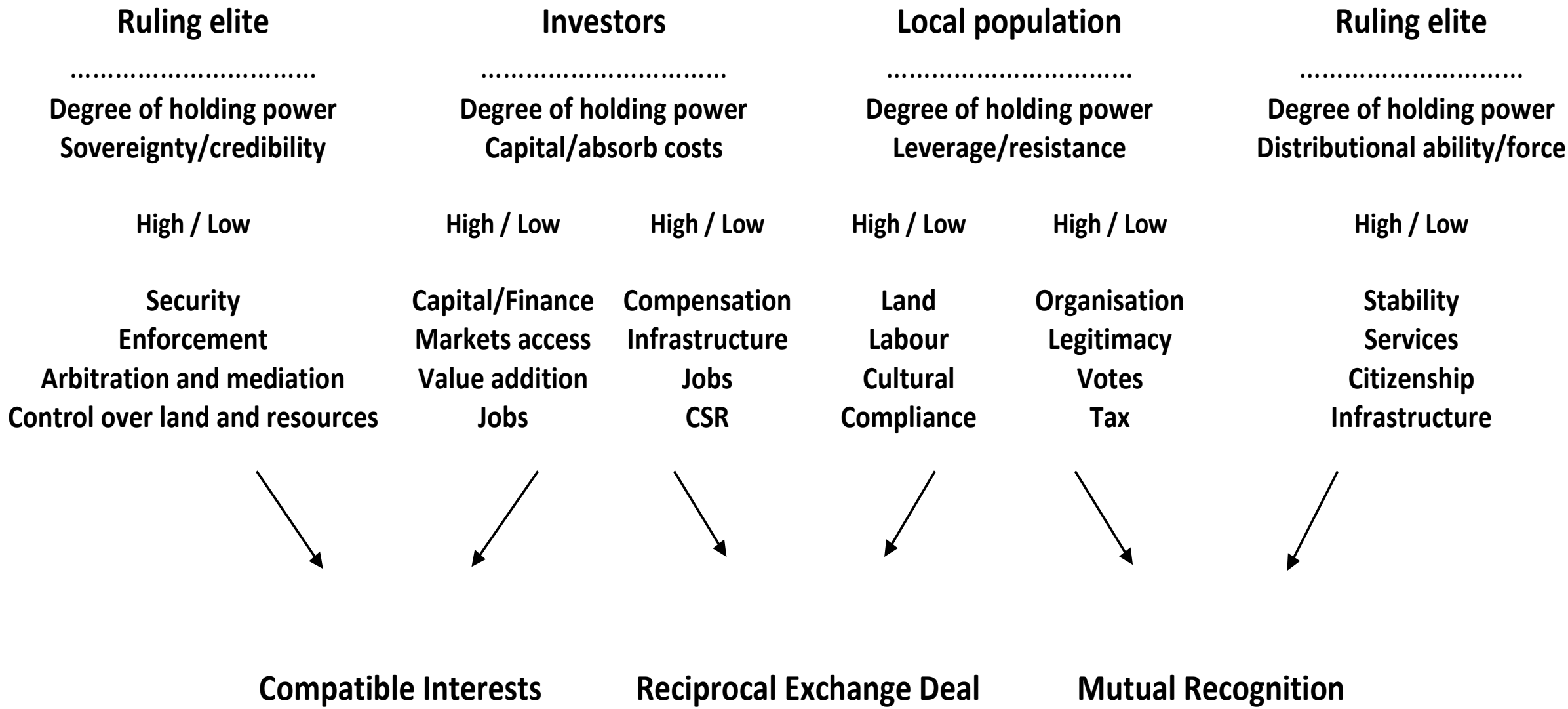
# Characteristics when rights and implementation actually takes place




# Characteristics of the three relationships

- Compatible interests (ruling elites and investors) – exchange of security, property rights, protection etc. – in exchange for rents, revenues, foreign exchange, jobs
  - Without some kind of compatible interest large-scale investments rarely take place at all – but is it the most important relationship? (Political settlement approach - Khan)
- Reciprocal exchange deal (local populations and investors) – give up land and/or livelihood, accept pollution of the environment etc. in exchange for compensation, resettlement, provision of social services, jobs, economic opportunities
  - Can create a degree of acceptance of the investments (contractual underpinning or informal) but based on continual exchanges combined with the ongoing making of claims (Exchange/Mauss)
- Mutual recognition (ruling elites and local populations) – based on a series of exchanges that can be short- or long-term in nature, where for example services can be exchanged for electoral support
  - If mutual recognition is achieved, it can make changes in property institutions, which govern the distribution of economic benefits, accepted in return for desired services and/or protection from abuse by investors or other actors. However, the relationship can take different forms (coercive, dismissive or productive) (Social contract theory – Nugent, Lavers-Hickey)

**Causal mechanisms**




# General patterns: 1

- Public-private-partnerships involving SOEs create challenges for rights protection as 'state' has a double role  Nagaka coal mine Taz; Wanbao rice in Moz; Mnazi gas in Taz etc.
- Temporal dimension – time and rights – a gradual shift of the type rights that matter as an investment progresses over time – rights becomes relational: land to procedural rights; land to socio-economic opportunities etc.
  - Examples: Rice/sugar in Mozambique/Tanzania, compensation in gas, coal in Tanzania
- Rights become more important over time for investors – increasing need for stability (reduced conflict) and reputational risks for international investors (CSR, standards, etc.)
  - Examples: Gas in both Tanzania and Mozambique, agriculture takes time so need stability – inclusion through outgrower schemes



# General patterns: 2

- Expected outcome with regard to implementation and rights are more mixed in agriculture than in extractives (where implementation is pushed by ruling elites)  because of the relative importance for ruling elites and regime survival/reproduction
- In Tanzania there have been struggles between IOCs and government on compensation standards where government is more restrictive and insist on national standards inscribed in national law
- In Mozambique international compensation standards have been turned into national law, accommodating gas investments, but also violated at least in the case of coal and most agricultural investments. So on paper, Mozambique is today formally better for local populations, but in practice a different story

# General patterns: 3

- Local populations are not just hapless victims as Uganda (Amuru sugar works) and in part Tanzania (coal, rice and gas) illustrates, but clear difference to Mozambique where they are less accommodated – why does local populations rarely matter in Mozambique?
- Electoral democracy plays an important (but different) role, particularly in Tanzania and Uganda compared to Mozambique – i.e. mutual recognition is important for the ruling elite in Tanzania and Uganda for their own idea about regime legitimacy and ability to mobilise and persuade potential voters but not really in Mozambique where the regime through state institutional control can manipulate elections
  - Democracy and electoral systems affect holding power of local populations



# General patterns: 4

- Mutual recognition or rather misrecognition by the state and ruling elite of local populations drive conflicts related to natural resource investments
- Less investments that are criticised but they become easy prey and are easy to criticise when investment deals are not considered fair to or by local populations (procedural inclusion seems very important for the legitimacy of investments)
- History matter – neglect, war, exploitation etc. have important consequences for how investments coming on the back of ruling elites are viewed:
  - Uganda and Mozambique in particular, but also Tanzania provide important illustrations of this dilemma

# General patterns: 5

- Clear patterns of Differentiation - parts of the local population improve their livelihood, sometimes considerably when outgrower schemes works
- We see increased intra-elite competition over access to resources and rents
  - Ruling elites becomes dependent on extractive investments: export, currency, rents – less so with the agricultural investments (takes too long time to mature)
  - Clear differences between sugar and rice due to investor characteristics and organisation (collective action) of local populations

\*No easy fix for achieving implementation/ accommodation of rights

\*Complex as all three relationships and their characteristics need to come together

